

Integrated Social Marketing Assessment USAID/Tanzania

- **Private Sector Assessment**

(The PopTech project, Agreement No. HRN-C-00-00-00007-00)

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January 2004

SO1 - Increased use of family planning/maternal and child health and HIV/AIDS preventive measures

INTRODUCTION

The USAID mission in Tanzania is currently developing a ten-year country strategy for the year 2005-2015. One component of this strategy will be a stand-alone HIV/AIDS objective, which will build on the AIDS work that the mission has supported over the past 15 years. As part of the development of the HIV/AIDS component of the new country strategy, USAID conducted an assessment of the potential role of the private sector in social marketing activities in Tanzania during September and October 2003.

A four-person assessment, comprised of two Tanzanian consultants – Georgia Mutagahywa and Dorothy Stephen – and two international consultants – David Hales and Steve Mobley, spent four weeks in Tanzania meeting with a wide range of people who had knowledge and information directly relevant to the parallel assessments of social marketing.

The team met with senior managers from a cross-section of major domestic and international companies with significant operations in Tanzania, including Kilombero Sugar, National Bank of Commerce, ITV, Africa Media Group, Sumaria Group, LOWE SCANAD, Tanzania Printers, Tanzania Breweries Limited, Tanzania Cigarette Company, Standard Chartered and Geita Gold Mine.

The assessment team presented its findings to USAID in a debriefing meeting on October 16, 2003. The presentation used a modified SWOT (Strengths-Weaknesses-Opportunities-Threats) structure to present the team's findings and recommendations. That presentation has been excerpted and adapted for this report, which follows a similar structure.

PRIVATE SECTOR ASSESSMENT

Tanzania undertook a major review of the country's development strategy in 1986 and started the process of building a liberalized free-market economy. The *Tanzania Development Vision 2025* government planning document spells out Tanzanian's long-term development policy; this report identifies the private sector as the engine for economic growth and job creation. At the present time, approximately 4% of the workforce in Tanzania is employed in the formal private sector while 84% work in traditional agriculture. However, the private sector is growing rapidly; the informal private sector, which ranges from independent street vendors to medium-size enterprises employing dozens of staff, is a particularly dynamic segment of the economy.

As mentioned in the Introduction to this report, during its four-week assignment, the assessment team focused on large domestic and multinational companies in the formal private sector. (The decision to focus on these companies was based on their legitimacy, their capacity and their role in the private sector overall; although the formal private sector is a relatively small employer, its impact on the Tanzania economy is enormous.) Given the circumstances of this assessment, the strengths, weaknesses and recommendations should be seen as a snapshot of the current situation. However, it should also be seen as an opening to look into the full capacity of the private sector – both formal and informal – in the months ahead.

Note: A major concern often expressed about involving the private sector in traditional social marketing is the profit motive, which is the primary objective of a private sector company, and which many people in the social sector view as a corrupting influence. At the risk of sounding like an apologist for the private sector, however, profit is the private sector equivalent to sustainability in the social sector; profit is what enables companies to stay in business and to build their business.

This is not to say that social issues are not important to the private sector, but they are not the raison d'être of many companies. ("Newman's Own" is one of the few examples of a company whose sole purpose is to generate a profit to fund social investment.) Consequently, a

reasonable case must be made for companies to be involved in social marketing; a case that addresses the concerns of both the social sector and the private sector. The increasing impact of HIV/AIDS on communities, which includes customers as well as private sector employees (current and future), makes for a very compelling case.

KEY STRENGTHS

1. The private sector in Tanzania has the expertise to manage social marketing initiatives.

The management and marketing expertise required to run a social marketing program does exist in the private sector in Tanzania. More importantly, it exists within the consumer product segment of the private sector, which means there are companies, managers and staff members with directly applicable experience in the full range of management and marketing disciplines required to successfully market products and behaviors. In addition, specific technical expertise applicable to social marketing, including advertising, design, production, printing and media, is generally available in Tanzania. However, there are some important marketing services that are not available in Tanzania; the most serious weakness is market research. (See Key Weakness #3 below.)

2. Behavior change communication is an intrinsic part of the marketing implemented by the private sector.

Influencing behaviors is the cornerstone of contemporary marketing. For example, people do not drink Coca-Cola because they need to drink it; people drink Coke because marketing has shaped their perceptions, creating and sustaining a desire to drink Coke. In Tanzania, the effectiveness of the private sector in understanding behavior change is apparent in several diverse examples.

- *Mobile Phones.* The uptake of mobile phones in Tanzania in recent years has been phenomenal. Obviously, business people and individuals with larger disposable incomes were the early adopters but mobile phones have rapidly become an essential part of life across Tanzania, cutting across the geographic and demographic landscape. The mobile phone business in Tanzania is now so sophisticated that different mobile operators have staked out strong brand positioning to capitalize on opportunities in the marketplace. Each of these opportunities correlates to a different consumer behavior: Vodacom is the *status* brand for customers who value the quality, cache and connections of an international brand name with a commitment to the latest technology. Celtel is the *coverage* brand for customers who need to stay in touch and it has made a strong commitment to service in the rural areas. Mobitel, which was the first cellular phone operator in Tanzania, has become the value brand for customers who have less money to spend on mobile service, now that Vodacom and Celtel dominate the premium and mid-range customer base.
- *FOMA Dazzle.* FOMA is a line of cleaning products marketed by Sumaria Group. The core product is an inexpensive laundry detergent named FOMA. Over the past few years, Sumaria has been leveraging the FOMA brand by launching additional products. The most successful has been FOMA Gold, which is a premium brand of laundry detergent, but the most interesting marketing story surrounds FOMA Dazzle, which is a soap for kitchen utensils. After a large –scale launch of the product, Sumaria discovered that consumers were using the mistakenly using the product in a way that made it appear to be extremely expensive. Basically, because of the packaging and positioning of the product, consumers were using far too much of it without realizing their mistake. Sumaria realized that they had underestimated the importance of educating consumers about the product – specifically, how to use it so that it made economic sense for the consumer – and they are dramatically restructuring the marketing to better address consumer's existing behavior and the desired behavior.

- *Braided Hair.* Although it is impossible to credit any single company with the acceptance of braided hair on Tanzanian men, it is a compelling example of the power of international pop culture to influence behavior. In this case, the private sector played a major role as purveyor and exploiter of the pop culture images that made braided hair for Tanzanian men acceptable. In fact, subtle “marketing” of braided hair via advertising, music videos, movies and television not only made braided hair on men acceptable, it made it desirable, which is a remarkable achievement given the long-standing cultural practices that were overcome in the process.

It should be noted that the private sector may be able to tackle controversial behavior change issues such as condom use with potentially less negative feedback from consumers and government because they would not seem to be a voice of the donor community as NGOs are often perceived.

3. The private sector recognizes the importance of social responsibility initiatives.

Within the formal private sector, there is a strong sense of social responsibility. The larger domestic firms as well as the multinationals see corporate social investment as an integral part of their work in Tanzania with most companies having long-term commitments to specific sectors such as education and health. Clearly, their motives are not entirely altruistic; social responsibility has become one of the costs of doing business and companies do evaluate the return on their investment in these initiatives. However, it would be misguided to think that companies are not concerned about the welfare of their employees and customers or the socio-economic environment in which they operate.

The fact that all of the private companies that the assessment team met with during its assignment had free ARV programs for staff members and – in all cases but one – for multiple family members as well is a valuable indicator of the private sector’s awareness and commitment to addressing HIV/AIDS. It is also interesting to note that the senior managers of IPP Media, Geita Gold Mine and Tanzanian Breweries are increasingly outspoken about HIV/AIDS in Tanzania and it is clear that their concerns go beyond the health and safety of their workforce.

One of the weaknesses of the private sector efforts is that they are not coordinated. Consequently, the impact of their corporate social investment is far less effective than it would be if there were a mechanism for coordination and, potentially, collaboration. Unfortunately, collaboration can be problematic among companies competing for business in the same industry. (See Key Weakness #1 below.)

4. There are a number of important and influential private sector fora in Tanzania that can address social issues.

Groups such as the CEO Roundtable, the Confederation of Tanzanian Industries (CTI), the Tanzanian Chamber of Commerce, Industry and Agriculture (TCCIA), the HR Forum, the Mobile Operators Association of Tanzania (MOAT) and the Media Owners Association of Tanzania (MOAT) represent significant opportunities to influence various sectors of the economy. The fact that these fora exist and are willing to address difficult social issues is a major strength of the formal private sector and the credibility of these groups should be tapped to influence individuals and organizations outside of the formal private sector.

5. The private sector has a wide range of resources at its disposal.

Unlike the government and NGO sectors, the private sector in Tanzania generally has more resources available to it. The most obvious resource is money but other resources such as staff and their expertise in management, manufacturing, marketing, sales, distribution, accounting, et al is likely to be far more valuable over the long term. In addition to having access to a wider range of resources, the private sector tends to have more flexibility in the allocation of those

resources. For example, companies must be able to anticipate and respond to market opportunities if they expect to thrive; the launch of a series of brand extensions to the Ole milk brand from Royal Dairy Products (a Sumaria Group company), including fruit-flavored milks, yogurt, butter and ice cream, is a good example of using a company's collective resources to build a brand and expand a business.

6. Companies in the private sector tend to have a strong customer focus.

Globally, the private sector understands the value of a strong customer focus and the companies in Tanzania that participated in this assessment clearly share that understanding. The consumer products companies in particular have recognized the growing numbers and influence of the buying population and they are paying close attention to the needs, desires, attitudes and behaviors of existing and potential customers.

The restructuring of the FOMA Dazzle marketing is a good example of how a company listens to its customers. In fact, the Dazzle example is an even richer lesson about the importance of a customer focus because the company actually got it wrong the first time out. They thought they understood the opportunity in the market and they thought they understood the target customer's behavior. But when they learned after the product was launched that they needed to learn even more about the Dazzle customer and that is exactly what they are doing.

7. External relations is an integral part of private sector operations.

Companies in Tanzania fully understand the importance of knowledge about the external environment in which they operate and the ability to influence the shape and direction of that environment. Consequently, they place a high value on broad-based external relations and they commit the resources required to do consistent, high-quality outreach work. They are doing the government relations, the public relations, the community relations and the advocacy. They do it independently; they do it as players in the private sector generally; they do it with partners in their specific industry. And it is clear that they see these activities as a key component of their ability to succeed.

8. There is a vibrant media scene in Tanzania.

The ability to reach existing and potential customers with messages about one's products or services is an absolutely essential part of marketing. The fact that there is a vibrant media scene in Tanzania, including television, radio, internet, print and alternative media, will play a central role in the continuing development of marketing in the country.

It is important to point out that the vibrant media scene is not simply an urban phenomenon. While media coverage and diversity is certainly greater in urban areas, rural populations are also benefiting from the vibrant media scene in Tanzania; for example, radio coverage is steadily increasing as stations add transmitting capacity around the country, internet services are expanding out from the regional centers and rural market towns have improving access to both alternative media such as marketing road shows and television, generally in communal settings such as restaurants and bars.

Some people in the private sector would say that the media scene in Tanzania is almost too vibrant because the cost of entry has become so low. Given the situation, it is likely that there will be a classic "shake out" in the media business within the next two to five years as over-capacity drives down prices and forces the weaker players out. However, there is no reason to believe that this shake out will have a serious negative impact on the media options for marketing.

There are also some other interesting dynamics around media that will bear watching in the next few years. For example, although literacy rates in Tanzania are high by African standards, the circulation of newspapers has decreased substantially in recent years. Shifting to the electronic

media, by some reports, Dar es Salaam has the highest concentration of internet cafes in Africa; how this urban interest in the internet moves into the rural areas will be an important marker for the development of electronic media in Tanzania. And according to the Tanzania Household Survey 2002, television ownership is only 2.6% in the country – declining to 0.2% in rural areas – and yet, based on anecdotal evidence, the reach and impact of the recent broadcast of the Big Brother Africa series was massive so the percentage of television owners may be a very poor indicator of the power of this media.

9. Within the private sector, there is a willingness to partner with other organizations, including other private sector organizations and NGOs.

Modern business is built on partnerships so there is an inherent inclination within the private sector to partner with other organizations. From a social marketing perspective, this is valuable because partnerships tend to have greater capacity and credibility, assuming they are managed effectively. The real strength of partnerships is their adaptability. They can range from long-term business-to-business relationships to short-term sectoral collaborations around a specific issue; they can be formed to enhance capacity, coverage, knowledge, expertise, et al and they can be disbanded when they cease to be mutually beneficial.

It is important to note that one critical aspect in contemporary business-to-business relationships is that many client-vendor interactions are now viewed as partnerships. For example, the relationship that PSI-Tanzania has with Tanzania Printers is far better described as a partnership than a traditional client-vendor relationship because of the very close links between the companies, which come in large part from the volume of business that they transact.

Companies in Tanzania have also embraced partnerships with NGOs as evidenced by their ties to organizations such as AMREF, HealthScope, PSI, WAMATA and SHIDEPHA on HIV/AIDS-related issues. Clearly, companies see their partnerships with these types of partnerships as a way to enhance their HIV/AIDS-related knowledge and skills by tapping into the existing expertise of organizations, rather than develop an internal capacity that is outside their own area of expertise.

KEY WEAKNESSES

1. The private sector is inherently more competitive than it is collaborative.

Although collaboration is essential in business today, companies can be reluctant to work together because of competitive pressures. For example, in Tanzania, companies that are in an extremely competitive sector such as mobile phone service openly acknowledge that management and market influences make it difficult to collaborate. However, the mobile phone operators do collaborate on regulatory issues so it may be possible to get them to actively collaborate on social investment. In fact, getting competitors to collaborate on HIV/AIDS would send a very strong message to the general public; imagine the impact of an announcement and an initiative that brought Coke and Pepsi together.

It is likely that getting companies to actively collaborate will require some external influence, especially to get competitors in the same industry to collaborate. Opinion leaders within the private sector as well as organizations such as the CEO Roundtable or CTI should play a pivotal role in promoting active, crosscutting collaboration. This is also an area where the bilateral donors could play an important supporting role.

2. The private sector has inadequate knowledge on many of the key issues related to the HIV/AIDS epidemic and Tanzania's response.

Companies tend to have a very narrow perspective on HIV/AIDS, which is focused on its impact on their business. To date, the primary impact has been on their workforces so it is not surprising

that they have more knowledge in that area. However, as the impact begins to be felt more broadly – among their employee's families, their corporate partners/vendors and their customers – they will need to substantially increase the quantity and quality of their knowledge. And if they are to play a role in social marketing related to HIV/AIDS or any other health issues, they will need even more specific knowledge.

Fortunately, the acquisition of knowledge and skills is something that companies can do very well. In fact, the partnerships that Tanzanian companies have with NGOs such as AMREF and HealthScope could easily be leveraged and extended to provide additional knowledge and skills.

3. The availability of several important marketing support services is limited or non-existent in Tanzania.

Good quality, essential marketing support services such as advertising, design, production, printing and media are available in Dar es Salaam. However, several other important services are generally not available in Tanzania, including independent media buying, media monitoring, marketing research and social messaging. Some of these services are available from Nairobi but the fact that there are no indigenous services does have a negative impact on the quality of marketing in the country.

Many companies in the private sector compensate for the lack of these services by handling the work in-house or asking a company with a related expertise to handle the responsibilities. For example, the larger consumer products companies do much of the market research themselves and many companies rely on their advertising agencies to do their media buying. Advertising agencies, however, may have limited expertise and incentive to aggressively pursue the most cost-effective media deals because of the commissions involved.

RECOMMENDATIONS

1. The private sector in Tanzania should be considered a feasible, long-term, strategic and tactical partner for social marketing.

Although the team had only a limited time to assess the capacity of the private sector to develop and implement a social marketing initiative, it is clear that this capacity does exist in the private sector. In fact, there is far better capacity in the private sector to do social marketing than there is in the NGO sector.

It should be noted that FEMINA was the only NGO – other than PSI-Tanzania – that seemed capable of delivering a high-quality marketing campaign. Ironically, their operations follow more of a private sector business model than a traditional NGO model. It should also be noted that Healthscope is often considered to be a potential implementing partner for social marketing. However, based on the team's interaction with this organization, they do not appear to have the necessary expertise or mindset at the present time. If Healthscope were to be actively considered for this role, it would be important to properly assess their capacity.

USAID would be well advised to evaluate opportunities for the private sector to play a significant role in social marketing in Tanzania; see Recommendation #2 below. Opportunities range from the provision of technical assistance (management, marketing, distribution, IT, research, et al) to full implementation of an integrated program.

2. Begin working with the private sector to explore opportunities and mechanisms for short- and long-term collaboration.

As soon as possible, USAID should engage capable and interested players in the private sector in an informal dialogue to begin exploring ways to involve them in social marketing. In working with the private sector, it is important to include them in the initial discussions so they can buy into

the whole concept. At the same time, it is also important to look for what are often called “quick wins” that could begin to demonstrate the viability of the private sector role in social marketing.

For example, during discussions with the assessment team, Sumaria Group indicated a willingness to put HIV/AIDS messages on different product packaging. This would be an excellent opportunity to test the effectiveness of using packaging messages as more than a billboard, which is how the Clear Blue brand of water handles HIV/AIDS messages. Similarly, TBL was open to the idea of integrating a safe sex message into its “drink responsibly” programs. Both of these possibilities will only move forward if a dialogue is started with the two companies, relationships are built and ideas are tested.

It will be important to remember that companies are not all the same so the process of engaging with them must be handled on a case-by-case basis. For example, wherever possible, the contact should be with senior management because of their decision-making capacity. However, day-to-day responsibilities will quickly pass to other managers and staff so it will be important to be able to work with different departments. For example, some initial discussions may quickly shift to the marketing department whereas others will require working with the corporate social responsibility team.

Exactly how USAID works with the private sector will need to be determined. In the very short term, it would be valuable to put together a small team that can begin the dialogue with the private sector and start to get things moving. (Note: The two Tanzanian members of the assessment team could be extremely helpful in this regard as could the other Tanzanian consultant, BJ Humplick, who handled the logistics for the team.) Over the longer-term, USAID will need to figure out an appropriate contracting mechanism to work with the private sector.

3. Develop at least two core initiatives to demonstrate the viability and value of a public/private partnership in social marketing.

In addition to the initial engagement with the private sector outlined above, USAID should develop at least two core initiatives that the private sector could manage or co-manage. Two possible options for these core initiatives are:

Provide start-up capital to a private sector company to market and distribute a new condom in Tanzania. It is possible that with sufficient start-up capital that a private sector company could develop and implement a business plan for a condom that is not dependent on donor subsidy. (The start-up capital would be the extent of the subsidy with the understanding that the long-term objective would be a profitable condom brand.) By selecting a private sector partner with the requisite marketing expertise and management systems, the likelihood of exploiting what is essentially socially responsible venture capital to launch a sustainable (i.e., profitable) business increases substantially.

Fund at least one specific, long-term behavior change campaign that would be managed by a private sector company. Given that there is no cost-recovery opportunity in a pure behavior change campaign, this initiative would depend on donor subsidy. However, if one of the stated objectives of the initiative is to include private sector sponsors, it would be possible to significantly leverage the donor funding. However, the real leverage with this type of initiative would be the opportunity to launch a sophisticated and integrated behavior change campaign that is much more than the simple sloganeering that dominates the genre currently; for example, a campaign that is built around a youth-oriented radio drama that incorporates aspects of real life such as music and music personalities; a campaign that is extended with product tie-ins that appeal to youth (e.g., mobile phone service, various consumer products).

The goal of these types of stand-alone initiatives would be to demonstrate the added value that the private sector brings to social marketing, including contemporary and progressive business models and business practices in areas such as management, marketing, product development,

branding, sales and distribution. In addition, these initiatives would be an opportunity to test the ability of the private sector to address particular challenges to their management of social marketing, including marketing products and messages that are more controversial and demanding than their typical products/messages, overcoming the lingering socialist mindset among some consumers that clashes with a free-market approach and addressing concerns about the power and influence of the private sector generated by anti-globalization sentiments. The behavior change initiative would also be a good opportunity to explore a partnership between a private company and an NGO which has applicable expertise and a willingness to experiment with new ideas.

4. Working with the private sector on social marketing should be a long-term commitment.

The social marketing “experts” in the NGO sector have had years to demonstrate their capacity. While there are good reasons to believe that the private sector will be very quick studies, it would benefit all parties if USAID made it clear that its commitment to a private sector role was long term. Without that stated commitment, it will be more difficult to interest the private sector in the opportunity because it is somewhat outside their normal approach to business. Also, it would be valuable to send a message to the private sector that they will be given a full and fair opportunity to demonstrate their capacity to implement social marketing initiatives, an opportunity that will require time.

IV. CONCLUSION

There is unquestionably a role for the private sector in an expansion of social marketing in Tanzania. Companies within the sector clearly have the management and marketing expertise to be effective social marketers of products, services and behaviors. The greatest challenge appears to be exploring how best to exploit their strengths and determining how structuring the mechanisms to work with them.

In general, social marketing can and should play a larger and more dynamic role in the HIV/AIDS response in Tanzania. In fact, the emerging success of the ITN social marketing model in Tanzania is a compelling indicator of the role that social marketing could play in a wide range of health-related initiatives in Tanzania, including family planning products and services, STD testing and treatment, malaria treatment, VCT, PMTCT, home- and community-based care & support and ARV education, treatment and services. Social marketing is also an opening to explore other private sector models such as social franchising, which could expand and improve the delivery of health services in the country.